



## **B&I Program Insights # 2: BUSINESS PLANS**

### **Business & Industry (B&I) Guaranteed Loan Program**

#### **What is a “business plan”?**

A business plan is a document written by the owners of a business that explains the nature of their business, the business's objectives, and how they will be achieved. It answers the question, “Where is this business going, and why will it succeed?”

#### **When is a business plan required?**

Many commercial lenders routinely ask for a business plan as part of a loan application.

A business plan is required with every B&I guaranteed loan application. Ideally, it should be part of the preapplication package, but it can be provided later if it is not initially available.

#### **Is a specific business plan format required?**

Usually, the key issues can be addressed in 2-5 pages.

USDA does not mandate any specific form or format for the business plan, but it should normally address at least the following issues:

##### Business Description

- Business organization and ownership
- Nature of the product or service provided

##### Market Information

- Demand. What is the demand (past, present, future) for the business's product/service? Who will buy the product/service?
- Supply. What is the supply (past, present, future) of the business's product/service? Who are the business's competitors?
- Market niche. Given the trends in demand and supply, how will the business be able to sell enough of its product/service to be profitable?

##### Production Information

- What is availability of materials, labor, & machinery needed for the product/service?
- Is the technology to be used by the business reliable? state-of-the-art? proven?

##### Industry & Market Area Information

- Discuss any economic & demographic trends affecting the business (past, present, & future)

##### Management

- Resumes of management, focusing on relevant business experience

*This “B&I Program Insight” is one in a series of fact sheets developed by the California State Office of USDA Rural Development to give lenders and other interested parties a better understanding of the rules that govern B&I guaranteed lending.*

*For more information, contact USDA Rural Development at 194 W. Main St., Ste. F, Woodland, CA 95695 or (530) 668-2070.*

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